

Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 EA-09 ISO-00 AGRE-00 CEA-01 CIAE-00

COME-00 DODE-00 FRB-01 H-02 INR-07 INT-05 L-03 LAB-04

NSAE-00 NSC-05 PA-02 AID-05 CIEP-02 SS-15 STR-04

ITC-01 TRSE-00 USIA-15 PRS-01 SP-02 OMB-01 FEA-01

/106 W

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R 010607Z DEC 76

FM AMEMBASSY CANBERRA

TO SECSTATE WASHDC 9413

INFO AMEMBASSY OTTAWA

UNCLAS CANBERRA 8667

EO 11652: NA

TAGS: EAGR, ATRD, AS

SUBJ: AUSTRALIAN PRESS COVERAGE OF U.S. BEEF IMPORT QUOTA

1. FOLLOWING IS TEXT OF FRONT PAGE STORY ON U.S. BEEF IMPORT QUOTA DEVELOPMENTS APPEARING IN DECEMBER 1 AUSTRALIAN FINANCIAL REVIEW UNDER BY-LINE ROBERT HAUPT, IN WASHINGTON.

2. QUOTE: IN AMERICAN EYES, AUSTRALIA "BEAT THE SYSTEM" OF MEAT-IMPORT RESTRICTIONS THIS YEAR--SO NEXT YEAR WILL BE DIFFERENT.

THE US GOVERNMENT HAS INVITED REPRESENTATIVES OF THE MEAT-SUPPLYING COUNTRIES TO A CONFERENCE HERE NEXT WEEK WHERE "VOLUNTARY RESTRAINT" CEILINGS WILL BE DECIDED.

IN A TOUGH STATEMENT, ASSISTANT AGRULTURE SECRETARY RICHARD BELL WARNED THAT IF THESE TALKS BROKE DOWN, QUOTAS WOULD BE SET--AND THEY WOULD BE LOWER THAN THE VOLUNTARY RESTRAINT LEVELS.

THIS IS A US SQUEEZE-PLAY AIMED AT ONE COUNTRY-AUSTRALIA.

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IT IS A RETURN BOUT OF THIS YEAR'S DISPUTE BETWEEN THE TWO COUNTRIES OVER MEAT--WHICH GENERATED MORE HEAT THAN WAS

APPARENT AT THE TIME.

THERE ARE STILL A LOT OF RUFFLED FEATHERS IN WASHINGTON AT WHAT ARE SEEN AS AUSTRALIA'S ROUGH-HOUSE TACTICS.

THERE IS A DETERMINATION, THIS TIME, TO NAIL AUSTRALIA DOWN AT THE OUTSET TO A FIRM IMPORT FIGURE, EITHER THROUGH NEGOTIATION OR THROUGH QUOTAS.

THE ADMINISTRATION WANTS TO DEAL WITH AN OFFICIAL WHO CAN NEGOTIATE ON AUSTRALIA'S BEHALF , AND IT WANTS TO HAVE THE MATTER RESOLVED BY THE END OF DECEMBER.

THREE THINGS RANKLE WITH ADMINISTRATION OFFICIALS:

1) WHAT IS SEEN AS TARDY ACTION BY AUSTRALIA TO CEASE USING THE "LOOPHOLE" OF THE PUERTO RICO FREE-TRADE ZONE FOR GETTING MEAT INTO THE US MARKET.

(2) SIMILAR RELUCTANCE TO DEAL WITH THE PROBLEM OF LOW-PRICED AUSTRALIAN BEEF COMING INTO CANADA, THEREBY SENDING CANADIAN BEEF ON TO THE US MARKET.

(3) THE STRONGLY-WORDED LETTER OF PROTEST SENT BY PRIME MINISTER MALCOLM FRASER TO PRESIDENT FORD SHORTLY AFTER QUOTAS WERE FINALLY INTRODUCED IN OCTOBER.

IN A TELEPHONE INTERVIEW, MR. BELL SAID HE BELIEVED AUSTRALIA COULD HAVE HANDLED THE QUESTION "MUCH MORE SMOOTHLY."

MR. BELL SAID: "THERE WAS A FEELING THAT AUSTRALIA WAS NOT AS CO-OPERATIVE ON THE FREE-TRADE ZONE AS THEY MAYBE COULD HAVE BEEN.

"WE ALSO FELT WE HAD BEEN GIVEN SOME ASSURANCES THAT THE PROBLEM OF SUPPLYING MEAT THROUGH CANADA WOULD BE DEALT WITH.

"WE DIDN'T FEEL IT WAS FOLLOWED THROUGH ON, AND THE DISPLACEMENT OF CANADIAN BEEF BY AUSTRALIAN BEEF CONTINUED, PUSHING MORE MEAT ONTO OUR MARKET.

"THERE WAS AN ATTEMPT TO ARRIVE AT A SOLUTION BETWEEN THE CANADIANS AND THE AUSTRALIANS, AND WE WERE ADVISED OF THAT ATTEMPT BY THE AUSTRALIAN AUTHORITIES.

"THERE WERE SUBSEQUENT DISCUSSIONS BETWEEN US AND THE CANADIANS.

"WE AND THE CANADIANS THOUGHT IT MIGHT BRING A SOLUTION, BUT IN FACT IT DID NOT.

"AUSTRALIA CONTINUED TO BRING LOW-PRICED BEEF INTO THE
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CANADIAN MARKET, WHICH DISPLACED BEEF THERE PUSHING IT ON TO THE AMERICAN MARKET."

MR. BELL SAID THE NEW PROCEDURE OF GETTING REPRESENTATIVES FROM THE COUNTRIES CONCERNED TO COME TO WASHINGTON TO THRASH THE ISSUE OUT WOULD AVOID "ALL THE CABLE TRAFFIC BACK AND FORTH" THAT TOOK PLACE WHEN THE STATE DEPARTMENT NEGOTIATED WITH OFFICIALS FROM FOREIGN EMBASSIES.

"WE'RE TRYING TO GET IT ALL DONE WITHIN A SHORT TIME-FRAME," HE SAID.

"WHEN YOU DO IT THROUGH THE EMBASSIES IT GOES ONE AND

ON."

ONE PIECE OF CABLE TRAFFIC THE AMERICANS WOULD NOT LIKE TO SEE REPEATED WAS THE MESSAGE FROM THE US EMBASSY IN CANBERRA CONTAINING MR. FRASER'S OUT-SPOKEN COMPLAINT OVER QUOTAS.

THE TONE OF THE FRASER LETTER WAS A SHOCK--LINKING MEAT QUOTAS EXPLICITLY TO SUPPORT FOR THE US IN GATT, AND THREATENING A STRONG RESPONSE SHOULD AUSTRALIAN ENTRY TO THE US MARKET BE CURTAILED.

THE SHOCK WAS COMPOUNDED BY THE FACT THAT THE LETTER WAS GIVEN TO THE US EMBASSY IN CANBERRA--FOR TRANSMISSION ACROSS THE NORMAL DIPLOMATIC WIRES, GUARANTEEING IT OF WIDER NOTICE--AS WELL AS BEING DELIVERED DIRECTLY TO THE WHITE HOUSE.

THE LETTER HIT PRESIDENT FORD IN THE HURLY-BURLY OF THE ELECTION CAMPAIGN.

HE WAS UNDER FIRE FROM AMERICAN CATTLEMENT FOR NOT DOING ENOUGH TO CLOSE OFF MEAT IMPORTS.

A STRONG STATEMENT OF PROTEST BY AUSTRALIA MIGHT ALSO HAVE BEEN POLITICALLY DAMAGING TO PRESIDENT FORD, WHO WAS BEING ACCUSED BY JIMMY CARTER OF NOT CONSULTING CLOSELY ENOUGH WITH AMERICA'S ALLIES.

IN THE END, PRESIDENT FORD ACTED TO ENSURE AUSTRALIA DID NOT LOSE OUT THROUGH THE IMPOSITION OF QUOTAS.

BUT WHILE AUSTRALIA WON THAT DAY, IT BUILT UP SOME RESENTMENT FOR THE FUTURE.

THIS SHOWED IN THE GLEE WITH WHICH US AUTHORITIES TOOK ADVANTAGE OF LABELLING ERROR ON THE LAST SHIPMENT OF AUSTRALIAN BEEF TO ARRIVE IN PUERTO RICO.

THE BILL OF LADING FOR THAT SHIPMENT SIMPLY READ: "MAYAGUEZ, PUERTO RICO", WITHOUT SAYING "FREE-TRADE ZONE."

US OFFICIALS DIRECTED THE MEAT INTO THE ORDINARY PORT,
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WHERE IT WENT THROUGH CUSTOMS AND BECAME PART OF AUSTRALIA'S QUOTA ENTITLEMENT, INSTEAD OF SENDING IT TO THE FREE-TRADE ZONE FOR WHICH IT WAS DESTINED.

THAT INCIDENT TELLS THE STORY OF AMERICA'S TOUGHENED STAND ON AUSTRALIAN MEAT IMPORTS.

IT IS LIKELY TO BE CARRIED THROUGH INTO NEXT WEEK'S NEGOTIATIONS, WHERE AUSTRALIA COULD BE HARD-PRESSED TO IMPROVE ON THIS YEAR'S IMPORT ENTITLEMENT, UNDER QUOTAS, OF 632 MILLION POUNDS.

WHAT IS NOT KNOWN AT THIS STATE IS WHETHER THE CARTER ADMINISTRATION WILL CONTINUE THIS POLICY -- BUT THE IMPORT ARRANGEMENTS ARE SCHEDULED TO BE SIGNED AND SEALED BY THE TIME JIMMY CARTER GETS TO THE WHITE HOUSE.

IN THE MEANTIME, WHOEVER COMES FROM CANBERRA TO DO THE NEGOTIATING NEXT WEEK HAD BETTER COME EQUIPPED WITH A PAIR OF ASBESTOS TROUSERS. UNQUOTE
HARGROVE

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PRESS COMMENTS, MEATS, IMPORT QUOTAS
Control Number: n/a
Copy: SINGLE
Draft Date: 01 DEC 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976CANBER08667
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760444-0921
From: CANBERRA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19761280/aaaacrch.tel
Line Count: 168
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: wolfsd
Review Comment: n/a
Review Content Flags:
Review Date: 25 MAY 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <25 MAY 2004 by hattaycs>; APPROVED <11 AUG 2004 by wolfsd>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: AUSTRALIAN PRESS COVERAGE OF U.S. BEEF IMPORT QUOTA
TAGS: EAGR, ETRD, AS
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006